

Legislative Update

Handout to be provided at meeting.

**Conference 2006 Supplemental Budget Impact
Fiscal Years 2006 and 2007**

Uniform Medical Plan

No changes

PEBB Program, Fund and related impacts on Agency Admin budget

- Fiscal Year 2007 funding rates:
 - Represented Subscribers \$744.00
 - Non-represented Subscribers \$618.00
 - Employer Groups \$684.00
 - K-12 (increase \$3.15) \$682.54
- Medical Premium Increase = 8.5 percent for all groups.
- Employee Contributions maintained at 12 percent.
- No change to the CY 2007 Explicit Medicare Retiree Subsidy – \$149.67 which is a 13.5 percent increase from CY 2006.
- Slight reduction to the K-12 Subsidy Remittance to \$55.15.
- Increase of about \$3.9 million to HCA administration budget (Fund 418)
 - \$3.5 million is an adjustment to the agency fund mix
 - \$450,000 for employee health assessment
 - \$205,000 for centralized evidence-based medicine program (additional \$1.0 million in other funds)
 - \$64,000 other miscellaneous statewide adjustments
- \$20 million PEBB fund reserve to maintain employee contributions at 12 percent should premium trend exceed 8.5 percent (to maximum of 11 percent premium trend increase).
- \$85 million PEBB fund transfer.
- Adjustment to assumed savings as a result of TriCare implementation—originally assumed \$17 million in savings, reduced savings to \$5 million.
- Ending Unrestricted PEBB Fund balance of about \$52-\$53 million.



Washington State
Health Care Authority

Public Employees Benefits Board

2007 Procurement Brief

March 16, 2006

Presented by Barney Speight
Deputy Administrator

PEBB Medical Purchasing Goals



- Benefits that benchmark well with comparable public & private employers
- More affordable benefit plan choices
- Program stability and cost predictability
- Best-in-class care management
- Cost and quality data transparency

Purchasing Strategies



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➤ Plan Consolidation

- Selective renegotiation with enhanced performance standards and reporting requirements
- Preference for unique delivery systems, coverage in rural counties and carriers willing to expand service areas

➤ More Affordable Plan Choice

- Carriers must bid current (“Classic”) plan design and limited adjustments to “Classic”
- Additional lower premium, comprehensive “Value” plan design in development
- Carriers encouraged to bid more affordable Medicare products

Non-Medicare Bid Criteria



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1. In addition to “Classic” (current benefit), bid following adjustments:

Service	Current Benefit	Alternative
a) Office Visit	\$10	\$15
b) Eye Exam & Hardware	Exam every 2 years; \$50 Hardware every 2 yrs.	Yearly Exam; \$150 Hardware every 2 yrs
c) Inpatient Hospital & Out-of-Pocket Maximum	\$200/day up to 3 days \$600 maximum/yr \$750/\$1500	\$200/day up to 3 days \$600 maximum/admit w/ ➤ \$1000/\$2000 OOPM & ➤ \$1500/\$3000 OOPM
d) Gastric ByPass Surgery	None	Evidence-Based Criteria
e) Lifetime Maximum	\$2 Million	No Lifetime Maximum

2. Selective carriers will bid lower premium “Value Plan”

- Comprehensive benefit design with first dollar coverage for preventive care
- Benefit actuarial value closer to UMP
- Available in most counties

Medicare Bid Criteria



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- 2007 Carriers must bid current “minimum benefit design” approved by Board and following incremental adjustments (*same benefit level as actives*):
 - Office Visit Copay
 - Vision
 - Inpatient Hospitalization & Out-Of-Pocket Maximums
 - Lifetime Maximum
- Carriers encouraged to bid more affordable Medicare products for Board consideration
 - Carriers not contracted for actives may bid Medicare product
 - Carriers encouraged to expand Medicare Advantage service areas

PEBB Dental Purchasing Goals



- Benefits that benchmark well with comparable public & private employers
- Program stability and cost predictability

Purchasing Strategies



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- **Negotiated renewal with all plans**
- **Bid criteria:**
 - Bid current benefit
 - Bid incremental alternatives to current benefits

Service	Current Benefit	Alternative
Orthodontia		
UDP	Maximum Enrollee Reimbursement: \$750 (child only)	Maximum Enrollee Ortho Reimbursement: \$1500 (adult & child) <i>(avg. ortho case approx. \$5,000)</i>
Managed Dental (MDO)	Maximum Employee Payment: \$1200/Regence; \$1500 Delta	Maximum Employee Payment For Full Orthodontia Case: a. \$1500 b. \$2000
MDO Root Canals	\$50 to \$100 copayment	\$100 to \$150 copayment
Minor Restorative <i>(Regence Only)</i>	\$0 For Cavities	\$10 copayment <i>(Parity with DeltaCare)</i>
MDO Major Restorative	Primarily crowns/bridges copays	Closer parity between Regence & DeltaCare copayments

Medical/Dental Procurement Schedule



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- March 15: Renewal Letters
- April 20th Board Meeting
 - “Value Plan Design”
 - Negotiation Update
 - Eligibility Changes (*Board Vote*)
- May 23 Board Meeting: Procurement Update
- June 19-23: Procurement Finalized/ Stakeholder Briefs
- June 29 Board Meeting/Votes
 - Enrollee Contribution
 - Benefit Designs
 - Explicit Subsidy